

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Application of)
)
Air Transport International, LLC)
)
Pursuant to 49 U.S.C. § 40109 for an)
Exemption from 49 U.S.C § 41101)
(United States – Iraq))
)

Docket OST – 03 -

APPLICATION OF AIR TRANSPORT INTERNATIONAL, LLC
FOR AN EXEMPTION

Communications concerning this document should be addressed to:

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June 24, 2003

NOTICE: Any person wishing to support or oppose this exemption application must file an answer by no later than July 9, 2003. A copy of such answer must be served upon Air Transport International, LLC and all persons named on the attached Certificate of Service.

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Pursuant to 49 U.S.C. § 40109 and Subpart C of the Rules of Practice of the Department of Transportation (the “Department”) (14 CFR Sections 302.301 *et seq*) Air Transport International, LLC (ATI) hereby requests an exemption from the terms of 49 U.S.C. § 41101 to the extent necessary to permit it to operate scheduled foreign air transportation of property and mail between a point or points in the United States via Amsterdam, The Netherlands, or other intermediate points, and a point or points in Iraq.¹

ATI further requests this exemption be effective for a two-year period, or until the Department has acted upon ATI’s application for an amendment to its scheduled all cargo certificate authority² for the market being considered, whichever is earlier. The application for certificate authority will be filed separately at a later date.

¹ ATI understands that the Federal Aviation Administration and other federal agencies continue to restrict commercial transportation to Iraq. ATI seeks this authority now in anticipation that these transportation restrictions will be lifted in the near future.

² By Order 94-10-6, the Department issued ATI a certificate of public convenience and necessity authorizing scheduled all-cargo authority to numerous points in Europe (Route 558), including the Netherlands.

In support of this application, ATI respectfully states as follows:

1. ATI currently offers a full range of worldwide charter services to air cargo companies, air freight forwarders, other airlines, major corporations, government and military organizations (including contracts with the Air Mobility Command (AMC)), and specialized—business customers such as oil field service and animal transportation specialists. ATI's fleet of twelve (12) long range re-engined DC8-71 and DC8-73 series aircraft and five (5) DC8-62 “Combi” combination passenger/cargo aircraft operate on a daily basis throughout North America and around the world. Additionally, ATI is a subsidiary company and primary provider of scheduled all-cargo airlift in the United States for its affiliate BAX Global, Inc. (BAX), one of the world's leading providers of international freight transportation and supply chain management services. BAX has approximately 500 offices in 123 countries and earned revenues of \$1.9 billion in 2002.

2. ATI proposes to initiate scheduled service to Iraq utilizing its fleet of long-range DC8-73 freighters in accordance with the schedule provided as Exhibit A. The authority sought herein will be supported by the traffic tendered by BAX and its world-wide customer network, which will provide a solid economic base to serve other shippers and forwarders. ATI's proposed schedule would originate three times weekly at BAX's large North American overnight cargo hub in Toledo, Ohio, and would increase to five times weekly as volumes increase. Through a partnership with BAX, shippers throughout the U.S., Canada and Mexico will be able to utilize BAX's existing overnight air freight network to connect to ATI's flights originating in Toledo. ATI will make an intermediate traffic stop in Amsterdam.³ The Amsterdam stop will be a catchment for Europe-Iraq cargo transported to Amsterdam to connect to ATI's Iraq services.

³ As part of its certificate amendment application ATI will request that its proposed service to Iraq be integrated with Route 558, which includes Amsterdam.

3. Under its proposal, ATI will be able to operate more weekly flights with smaller payloads than any of the carriers who have previously been granted authority by the Department. Pursuant to Order 2003-6-20, World Airways , Inc., Northwest Airlines, Inc. and Kalitta Air Inc. have each obtained authority to provide scheduled service to Iraq on an all-cargo or combination basis. Each of these carriers will be providing service with wide-body aircraft (i.e., DC-10 and MD-11 (World), DC-10 (Northwest), and 747-200Fs and 400Fs (Kalitta)) on a less frequent basis than ATI.⁴ ATI, on the other hand, proposes to operate the services requested herein with long-range DC8-73 freighters having lower payloads which will permit ATI to operate on a more frequent – and consequently more convenient (to the shipper) – basis. This distinction will inure to the benefit of the shipping public. The increased weekly frequencies, coupled with the traffic from the BAX network, will provide a very short and optimal transit time from the greatest number of origin and intermediate points. In many cases, overnight airport to airport transit times will be achievable.

4. Although the traffic tendered by BAX will be an important component of ATI's proposed service, ATI will not limit access to this one customer. ATI will actively offer its services on an equitable basis to all U.S. air freight interests. ATI's relationship with BAX will serve to enhance ATI's ability to serve all customers. This crucial relationship with BAX provides ATI the baseline traffic volumes that make the entire program viable, thus serving the "public interest" of all shippers and forwarders utilizing ATI's services.

5. Grant of the requested authority is in the public interest for another reason: Since the fall of the old regime, the people of Iraq have suffered for lack of many goods and services. Any efforts toward rebuilding or efforts to supply the country with normal supplies will most certainly involve air cargo service. As stated above, the DC-8 service proposed by ATI provides

⁴ World Airways and Kalitta Air have each sought twice weekly authority. Northwest Airlines did not specify in its application the number of flights it would operate under the requested authority.

a meaningful alternative to the wide-body service to be provided by the other carriers who have sought scheduled authority. Such service will enhance the efforts of the U.S. government to help the Iraqi people to develop appropriate infrastructure and to become both economically independent and a viable part of the worldwide economic community. ATI can play an effective and important role in helping the United States support its goals in Iraq by providing an important, and unique, air cargo service under the authority requested.

6. At such time as all Iraq transportation restrictions are lifted, ATI's proposed service will be consistent with the aviation relations between the United States and Iraq, which, in the absence of an air services agreement, is governed by the principles of comity and reciprocity. The proposed service to the Netherlands, as an intermediate point, is consistent with the open skies nature of the Air Transport Agreement between the United States and the Netherlands signed on April 3, 1957.⁵

7. ATI is fit, willing and able to provide the services proposed in this application. As noted above, ATI has held all-cargo scheduled authority to serve numerous European markets since 1994 (see Order 94-10-6), ATI also holds interstate and foreign all-cargo charter authority (see Order 94-9-34) and has been providing such service domestically and internationally for over 15 years. More specifically, ATI has operated *ad hoc* and regular all-cargo and "combi"⁶ charter service on behalf of commercial shippers and the AMC to many points in the Middle East and surrounding regions, including Bahrain, Nepal, United Arab Emirates, Israel, Morocco, Diego Garcia, and Singapore. The scheduled all-cargo service proposed here is compatible in scope (stage lengths, equipment type, etc.) to the charter service that ATI is presently providing.

⁵ As stated above, ATI was authorized to provide scheduled all-cargo service to the Netherlands by Order 94-10-6. This authority satisfies the condition found in Order 2003-6-20 -- which ATI will accept here -- that all countries serving as intermediate points for Iraq service must have open-skies agreements with the United States and/or be countries for which the carrier holds authority to serve under a certificate of public convenience and necessity.

⁶ ATI's "combi" service has been provided with ATI's DC-8-62s, which carry passengers and cargo on the main deck, as well as belly cargo.

8. As further evidence of its "fitness", ATI has maintained a strong financial position, despite the general industry downturn, with revenues of \$249.1 million in 2001 and \$243.7 million in 2002. Further, ATI reported a net before-tax profit of \$3.0 million for the first quarter of 2003 and a net before-tax profit of \$25.7 million in 2002.

9. The proposed operations will not result in a net annual increase in fuel consumption of ten million gallons or more, and is therefore not a major regulatory action under 14 C.F.R. § 313.4(a)(1).

WHEREFORE, Air Transport International, L.L.C. requests that the Department grant it an exemption to the extent necessary to operate scheduled cargo services between and among the United States-Amsterdam (or other intermediate point)- Iraq described herein, effective for two years or until final action granting the carrier certificate authority for this service, whichever comes first. ATI requests this application be processed as expeditiously as possible.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Thomas E. Fosko".

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Date: June 24, 2003

EXHIBIT 'A' TO APPLICATION OF AIR TRANSPORT INTERNATIONAL, LLC

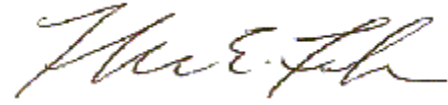
**AIR TRANSPORT INTERNATIONAL, LLC
US-NETHERLANDS-IRAQ
SCHEDULED CARGO SERVICE**

Illustrative Service Proposal

<u>ARRIVE</u>			<u>DEPART</u>			
UCT	LCL	AIRPORT	LCL	UCT	FREQUENCY (UCT)	FLIGHT NUMBER
----	----	TOL/KTOL	0500	0900	2,4,6	ATN150
1815	2015	AMS/EHAM	2200	2000	2,4,6	ATN150
0130	0430	BGW/ORBS	0700	0400	3,5,7	ATN151
0845	1045	AMS/EHAM	1215	1015	3,5,7	ATN151
2100	1700	TOL/KTOL	----	----	----	----

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Application of Air Transport International, LLC for an Exemption* was on this 24th day of June 2003 served by electronic or first-class mail, postage prepaid, on all the parties listed below.



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